

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. EP 290 (Sub-No. 5) (2014-2)

QUARTERLY RAIL COST ADJUSTMENT FACTOR

Decided: March 12, 2014

In Railroad Cost Recovery Procedures, 1 I.C.C. 2d 207 (1984), the Interstate Commerce Commission (ICC) outlined the procedures for calculating the all-inclusive index of railroad input prices and the method for computing the rail cost adjustment factor (RCAF). Under the procedures, codified at 49 C.F.R. § 1135.1, the Association of American Railroads (AAR) is required to calculate the index on a quarterly basis and submit it to the agency by the fifth day of the last month of each calendar quarter. On March 5, 2014, the AAR filed its quarterly submission. The AAR's filing, however, noted a deficiency.

On February 27, 2014, the AAR received revisions from one railroad affecting 13 schedules in Annual Report form R-1 (R-1) for 2011 and 2012. The all-inclusive index and the RCAF rely on such R-1 data. The AAR, however, states that it did not have time before March 5, 2014, to enter the revised data into its database and recalculate benchmarks, weights, and other components that could be affected, or assess the impact to the RCAFs that used the 2011 and 2012 annual report data. Instead, the AAR notes that it intends to make those revisions in the quarterly update due to be filed in June 2014, unless the Board directs otherwise.

The Board's preferred approach "is to use all available data to generate the most accurate calculation at any given time." Quarterly Rail Cost Adjustment Factor, EP 290 (Sub-No. 5) (2013-4), slip op. at 2 (STB served Sept. 20, 2013). Accordingly, the AAR is directed to update its calculations based on all R-1 revisions it has received and re-file with the Board.

It is ordered:

1. AAR shall re-file its second quarter 2014 RCAF submission, as discussed above, by March 17, 2014.
2. This decision is effective on the date of service.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.